

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4409

ANSWERED ON:12.08.2016

Losses incurred by Cooperative Banks

Lokhande Shri Sadashiv Kisan;Nete Shri Ashok Mahadeorao

Will the Minister of FINANCE be pleased to state:

- (a) whether cooperative credit institutes are incurring losses due to disbursement of short term loan to the farmers at concessional rates;
- (b) if so, the details thereof for the last three years, bank-wise;
- (c) whether the Government intends to compensate for the losses caused to cooperative credit institutes and if so, the details thereof; and
- (d) the details of administrative expenditure made by these banks during the said period?

Answer

The Minister of State in the Ministry of Finance

(a) to (c) : Government of India has mandated banks including Rural Cooperative Banks to provide short term crop loan upto Rs.3.00 lakh per farmer at 7% rate of interest. The Government provides interest subvention of 2% directly to cooperative banks for such crop loans to make good the loss that the banks may incur on account of involvement of their own funds. Further, the cooperative banks get short term refinance from National Bank for Agriculture & Rural Development (NABARD), at the concessional interest rate of 4.5%, to the extent ranging from 30% and above (depending on factors such as NPA level, location, etc.) of ground level credit flow.

(d): As reported by NABARD, the year-wise administrative expenditure (which does not include interest expenditure) in relation to 32 State Cooperative Banks (StCBs) and 370 District Central Cooperative Banks (DCCBs), are as under:

2012-13: Rs 7178.37 crore

2013-14: Rs 8074.31 crore

2014-15: Rs 8700.74 crore